

DCI/IC 75-025

15 APR 1975

Dr. John N. Ellison
Professor of Economics
Industrial College of the Armed Forces
Washington, D. C. 20319

Dear Dr. Ellison:

I am pleased to learn about your efforts at the Industrial College of the Armed Forces in providing a program of instruction that enables your students to focus on the managerial challenges encountered within the intelligence community.

To assist your students in understanding the role that the Intelligence Community Staff plays in supporting the Director of Central Intelligence as the leader of the United States foreign intelligence effort, you will find attached an unclassified statement regarding the Staff. There are sufficient copies of this background paper for each of your students.

My staff and I welcome the opportunity to participate in a panel discussion with your study group on its visit to the Central Intelligence Agency on 21 April 1975.

Sincerely,

/s/ Samuel V. Wilson

Samuel V. Wilson
Lieutenant General, USA
Deputy to the DCI for the
Intelligence Community

Attachments
As stated

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DEPARTMENT OF DEFENSE
INDUSTRIAL COLLEGE OF THE ARMED FORCES
WASHINGTON, D.C. 20319

Mr. Alfonso Rodriguez
Director of Training
Central Intelligence Agency
Washington, D.C. 20505

Dear Mr. Rodriguez:

For the last few years, the curriculum of the Resident Course of the Industrial College of the Armed Forces has included a Group Study Project (GSP) which explores various aspects of the "Intelligence Community." The GSP program is designed to provide the students a better understanding of the unique managerial challenges encountered within various intelligence activities. This academic year, the study project will be focused primarily on problems associated with the management of intelligence resources. A plan for the study program including a statement of the research question (copy attached) has been developed as a point of departure to facilitate student study and analysis of the intelligence community.

This year 18 students, under the direction of Dr. John N. Ellison, Professor of Economics and Colonel Harry George, USAF will participate in the GSP program. The method of instruction will include attendance at seminar sessions with expert panelists from the intelligence community and visits, where possible, to intelligence activities in the area.

Last year, students participating in a similar course of study visited the Central Intelligence Agency for briefings which covered many facets of the Agency's management function. This was an extremely valuable contribution to the students' understanding and appreciation of the Agency's operating policies and of the interrelationships that exist with other members of the intelligence community. Therefore, we would like to request your assistance in providing a similar opportunity for this year's study group to visit the Agency on 21 April 1975.

NSMS

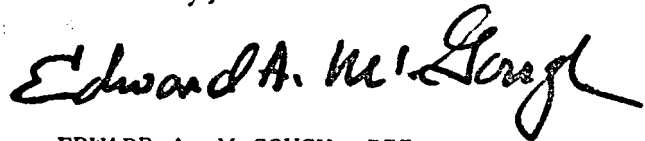
Mr. Alfonso Rodriguez

This visit is scheduled as one of the final sessions of the study project. It is intended, as in prior years, to focus on the Agency's management techniques, operational and resource allocation problems as well as the specific management role of the DCI.

Informal discussions have been initiated with Mr. Bengt C. Herder of your staff. If our request to visit the Agency is favorably viewed, final arrangements would be consummated with Mr. Herder.

Thank you for your consideration of this matter and for your continuing interest in this unique aspect of our academic program.

Sincerely,



EDWARD A. MCGOUGH, III
Major General, USAF
Deputy Commandant

1 Incl
As stated

GROUP STUDY PROGRAM (GSP)

Group Study

Project #E Management of Intelligence Resources

Faculty Director: Dr. John N. Ellison

Asst. Director: Colonel Harry E. George, USAF

Student Co-

Chairmen: Mr. William D. Morgan
Mr. John H. Tennant

DOD Consulting Vice Admiral Earl F. Rectanus, USN

Authority: Deputy Assistant Secretary of Defense (Resources and
Management)

Objectives - Understand the nature of the intelligence and the means by which it is developed, exploited, and managed within the U.S. National Security Structure.

- Become familiar with the organizations constituting the national intelligence community and with the executive role of the Director of Central Intelligence in policy formulation and execution.
- Become aware of recent organizational changes designed to enhance the quality, scope, and timeliness of intelligence information for decision-making.
- Gain familiarity with the recurrent managerial problems encountered in the allocation of the intelligence resources for priority National Security Purposes.

Background

The quality of national security policy and decisions ultimately depends in large measure upon the soundness of the knowledge on which they are based. A significant portion of this knowledge is derived from "intelligence sources," that is, information about foreign nations or areas that have passed through processes of collection, evaluation, analysis, integration and interpretation. Intelligence, to be useful must be adequate, timely, and reasonably accurate. It must be well-coordinated, quickly and properly disseminated, and considered by decisionmakers within a carefully constructed context of values and objectives. It neither predetermines nor implements policy. But there is always the danger that it may in effect do both, by virtue of its central importance as a basis of rationale for policy formulation and action.

Traditionally Americans, as a rule, have held ambivalent attitudes toward intelligence processes and products. While admitting the necessity of learning as much as possible about hostile or unfriendly nations, they have also viewed espionage as somehow "dirty" or unfair, especially in peacetime. As a result, there have been periodic cycles in the degree of public support for intelligence activities which have reflected dynamic changes in the public viewpoint with respect to the National Security Position of the United States. And despite the vastly increased need for early warning of foreign activities inimical to our interests, there are some who suggest that a huge intelligence system in an otherwise open society may be more of a threat than a shield to democracy and individual liberty. Still others, less fearful of the intelligence process, nevertheless, criticize its product as incomplete or inadequate, and warn of a dangerous "intelligence gap." In addition, sympathetic observers point to managerial problems inherent in coordination and rational allocation of intelligence resources among competitive elements of the intelligence community and among diverse sets of priorities imposed by the users of intelligence. It is in this context of competition for claims on available intelligence resources that the major managerial challenges are centered. The unique functions of intelligence organizations, together with the closed nature of their institutional structures, combine to diminish the effectiveness of traditional means of management control. Thus, unique administrative and managerial approaches must be devised and practiced in order to insure the effective utilization of intelligence resources toward the production of information essential to vital national decision-making processes.

Awareness of these conceptual and managerial ambiguities has by no means removed them. Rather, it has focused attention on the advantages, problems, and dangers of intelligence - and on the massive growth of the American intelligence community since World War II. As a result, certain principles have evolved for the conduct of American intelligence activities. A statement of the principles, as listed in 1961 by the Senate Subcommittee on National Policy Machinery, included the following:

1. The free world needs intelligence activities to assure its survival. Intelligence is as important as armed strength. In this age of pushbutton weapons, intelligence is more than ever our first line of defense.
2. Intelligence operations are instruments of national policy. They must be subject to effective and continuing higher review and coordination. This includes a weighing of gains against risks.
3. The collection and evaluation of intelligence is a job for professionals. Intelligence organizations should be tight, centralized, responsive, and to the greatest possible extent anonymous.
4. Officials who depend upon intelligence must be professional in handling the problems which it raises.

The conduct of diplomacy must be insulated from sensitive intelligence operations. Intelligence is a source of information for diplomacy - a part of it.

6. Public revelation of sensitive intelligence is never a harmless act. It both jeopardizes the normal conduct of foreign relations and compromises the sources of vital intelligence. If public statements have to be made at all, they must be made only in response to overriding national interest and on the responsibility and under the control at the outset of one high authority.

7. The golden word of intelligence is silence. More can be lost by saying too much, too soon, than by saying too little, too slowly.

Simple adherence to these principles does not, in itself, guarantee either excellence in intelligence or its proper utilization. They represent only part of a structure whose soundness depends no less on organizational effectiveness and human behavior. For the United States, an elaborate intelligence organization and a corps of professional intelligence experts are relatively recent institutional developments. Perhaps this is why there is so much uneasiness about the American intelligence community and why so many fears that it may escape its proper legal bounds as the servant of national policy. Thus, much contemporary criticism emanates from the lack of consensus as to the formal as well as the precedent determining limits of "legitimate" intelligence functions. In addition, views with respect to interpreting these bases are subject to the influence of prevailing views of the status of U.S. strategic position in the world and changing political and ideological orientations.

In the period since it was established at the end of World War II, the national intelligence community has undergone a number of major organizational and procedural shifts and reforms. The most recent of these was President Nixon's November 1971 reorganization of the intelligence community. This effort to improve the effectiveness and efficiency of the national intelligence effort was based on an exhaustive analysis conducted by the staffs of the National Security Council, Office of Management and Budget, and other executive branch agencies including elements of the intelligence community. Its effect is still not entirely clear, although the changes implemented would at the very least seem to make the community more responsive to the unique needs of the new Chief Executive. In addition, the expansion of the role of the National Intelligence Community Staff is evident and has had some impact on coordination within the intelligence structure.

One uncertainty in the present scene, however, is the possible influence of the Executive Branch and Congressional Branch inquiries into domestic and international intelligence organizations, on the traditional structures, functions and resources availabilities. While some consideration will be given to these developments, the major concentration will be devoted to more fundamental aspects of intelligence resources allocation.

In this group study project, "The Management of Intelligence Resources," thus will attempt to analyze fundamental organizational and functional developments in the community and to determine how they may have affected the quality and effectiveness of national intelligence. Concomitant with this consideration, the group study project will focus on the following:

Research Question

"What policies should DOD initiate and pursue to assure the maximum effectiveness in the allocation of resources in order to avoid operational overlap and unproductive resource competition with other bureaucratic elements of the U.S. intelligence community?"

Conduct of the Course of Study

A total of nine periods, plus a portion of the Unit IV orientation period, will be devoted to this Group Study Project. After the GSP orientation on the first day of Unit V, the nine periods will be devoted to panel sessions and seminars (including one local area visit). Luncheons with panelists will be arranged for all periods conducted at ICAF. In addition, a special period will be conducted by the student chairman, devoted to the analysis and written report preparation (28 April).

The written report will represent a comprehensive analysis of the research question, including alternatives and limited to no more than 20 double spaced typewritten pages. Details concerning the format, content, and distribution of the GSP final written report will be presented during the Unit V orientation period, 21 March.

Neither typing assistance nor support from Visual Aids will be available for student reports. However, Visual Aids will instruct anyone interested in the use of new equipment designed to facilitate student preparation of vu-graphs. Mr. Owen, of Visual Aids, is available to meet with interested students in Room 122, to explain and demonstrate this new equipment.

Essential Reading

The basic text for the course is Intelligence and National Security: Changing Aspects of the Policy Making Process in the Nixon Administration, a volume prepared for the Defense Intelligence School by Captain James W. Lucas, USAF. Sufficient copies of this study for most students in this GSP have been reserved at the charge-out desk of the ICAF library. Each student should draw an individual copy and return it to the library at the conclusion of the course. Students should read the entire book during the period of the GSP. It should prove especially useful in preparing material for the written report. Attention is directed to the bibliography as an important source for further research.

A second important source of material is a collection of classified documents, assembled specifically for this GSP, in the ICAF Classified library. These can be obtained from the librarian there simply by asking for the materials collected for GSP E, "Management of Intelligence Resources," (Dr. Ellison). All students should examine these materials and familiarize themselves with them.

An annotated bibliography of readings is attached to this memorandum. The books listed therein are available in the ICAF library or via inter-library loan. The more important references, including those containing assigned readings, will be placed on the reserve shelf in the library reading room on the second floor.

For further reference, a copy of DOD Directive 5115.1, "Assistant Secretary of Defense (Intelligence)," 18 January 1972, and a list of "National Intelligence Community Abbreviations" together with additional supporting materials is attached.

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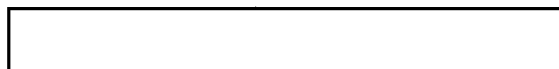
Program for



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Industrial College of the Armed Forces

Study Group



Friday, 19 April 1974

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IC Staff Conference Room 6E-0708



0845 Visitors Arrive
at Main Entrance

0900 - 0910 Welcome and
Introduction

Mr. Alfonso Rodriguez
Director of Training

STA

0910 - 1000 "The Resource
Management Role
of the Director
of Central
Intelligence"

Intelligence Community
Staff Director

1000 - 1020 Coffee Break

1020 - 1120 Panel Discussion

Director, Collection and
Processing Assessment
Group, IC Staff

STA

Director, Product Review
Group, IC Staff

STA

Director, Management,
Planning and Resource
Group, IC Staff

STA

1120 - 1200 Final Remarks and
Discussion

Mr. William E. Colby
Director of Central
Intelligence

1200 - 1300 Dutch Treat Luncheon
in Rendezvous Room

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10 April 1975

THE INTELLIGENCE COMMUNITY STAFF

The Intelligence Community Staff (ICS) was established to support the Director of Central Intelligence in his role as the senior US intelligence officer--the man personally designated by the President to provide leadership and to coordinate the foreign intelligence activities of the national intelligence community.

The present IC Staff had its beginning in a small National Intelligence Programs Evaluation or NIPE Staff which was established in 1963 to look at Community problems. This nucleus was expanded in early 1972 into the Intelligence Community Staff with a far broader mission. However, in spite of its name, it, like its predecessor, NIPE, was still for the most part, manned by CIA officers. When Dr. Schlesinger became DCI in early 1973, he reorganized the Staff to make it representative of the entire Community.

The present IC Staff is a blend of CIA professional personnel, active duty intelligence officers from the military services, civilian representatives from NSA, DIA, and the State Department, plus a few individuals drawn from private industry. Although housed in the CIA Headquarters Building, the IC Staff support to the DCI is clearly in a

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community sense, and it deals with all agencies and departments on an equal basis, the Central Intelligence Agency being one among several.

The purpose of the Intelligence Community Staff is to provide continuing support to the Director of Central Intelligence in the discharge of his responsibilities for planning, reviewing, evaluating, and improving all US foreign intelligence activities and for submitting recommendations to the President concerning the allocation of all intelligence resources as assigned to him in National Security Council Intelligence Directives.

The functions of the IC Staff include:

- a. Establishing and maintaining procedures for the systematic evaluation and improvement of Intelligence Community efforts in analysis and production, in collection and processing, and in developing recommendations for resource allocation.
- b. Providing a focal point for the identification and resolution of planning, management and procedural problems of importance to more than one organization of the Intelligence Community.
- c. Preparing annually the National Foreign Intelligence Program Recommendations for submission to the President by the Director of Central Intelligence concerning (a) the resources required for execution of Community responsibilities for the provision of

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foreign intelligence, (b) the evaluation of Community performance, (c) means of improving Director of Central Intelligence oversight of the Community, and (d) issues meriting Presidential attention.

d. Conducting in-depth studies in important Community problem areas and develop policy proposals and action recommendations as appropriate.

e. Preparing for the Director of Central Intelligence periodic statements of objectives, forecasts of the future intelligence environment, and listings of foreign intelligence priorities, as such may be required for Community guidance.

f. Establishing and participating in a Community-wide resource review process including related program and performance evaluations, research and analysis; developing methodologies to support such evaluations.

g. Establishing a system for relating Community resource expenditures with responses to key intelligence needs of national level users in order to enhance both the responsiveness of the products and the effectiveness and efficiency of resource application.

h. Fostering development of a coordinated Community effort to improve analytical techniques and methodologies.

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- i. Reviewing and assessing the performance of the Intelligence Community in providing warning of and responding to crisis situations, and recommend ways to improve the quality, scope and timeliness of the intelligence products provided both to high-level and to operational field consumers.
- j. Working with Department of Defense agencies on behalf of the Director of Central Intelligence to enhance mutual contributions between national intelligence activities and the operational intelligence activities which support the readiness of the military forces.
- k. On behalf of the DCI, maintain oversight of and evaluate the performance of the committees of the United States Intelligence Board.
- l. Maintaining continuing liaison with the President's Foreign Intelligence Advisory Board and supporting the DCI in his responses to the Board.
- m. Supporting the DCI in his participation in National Security Council Intelligence Committee (NSCIC) activities and providing the chairman of the NSCIC Working Group.

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- n. Participating in, and providing secretarial support for the Intelligence Resources Advisory Committee (IRAC).
- o. Preparing presentations as appropriate for use by the DCI in his Congressional appearances.
- p. Monitoring Federal legislative actions which affect the functioning and effectiveness of the Intelligence Community.
- q. On behalf of the DCI, monitor inputs from intelligence organizations requested by such special commissions, committees and panels as may be appointed by the President and/or the Congress to investigate programs or activities with which intelligence products or intelligence organizations are involved.

The IC Staff is organized to support the DCI in the four primary areas of his Community responsibility--resources management, collection and processing, production and analysis, and planning, reviewing and evaluating.

The IC Staff is directed by the Deputy to the Director of Central Intelligence for the Intelligence Community (D/DCI/IC), designated by the Director of Central Intelligence. The Staff is operated as a separate entity, not a part of the Central Intelligence Agency staff structure. The D/DCI/IC reports directly to the Director of Central Intelligence.

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INTELLIGENCE COMMUNITY STAFF

9 April 1975

*Yon-chin
for*

STAT

NOTE FOR: [] and General Wilson

On April 21st a group of 18 officers from the Industrial College of the Armed Forces will be coming to the building for briefings. This is a special study group concerned with resource management of the intelligence community. They are being briefed by various senior officers in the Community including [] Danny Graham, and Rectanus (for Hall). [] has already briefed them on the Intelligence Community.

STAT [] of OTR is making the arrangements. They will meet in our tank for three hours on the afternoon of Monday 21 April. He would like the IC Staff to put on a 2-hour presentation emphasizing resource management (1:15 - 3:15). He has arranged for the DCI to speak to them starting at 3:15.

Last year a similar group came and was spoken to by Admiral Harvey for one hour with a panel discussion during the second hour with []

STAT [] They would like a similar arrangement this year.

Would either one of you be willing to kick off this session? If so, I will ask Lucas to line up the program.

Yes _____

No _____

See me _____

[]

STA

ACTION